

Housing Development

PROGRAM DESCRIPTION

The primary mission of the Department of Housing and Community Development (HCD) is to act as the development and administrative agency for the Fairfax County Redevelopment and Housing Authority (FCRHA) and the Board of Supervisors in meeting the housing, community development and revitalization needs of the County's low and moderate income residents. HCD functions as staff to the eleven-member FCRHA board.

LINK TO THE COMPREHENSIVE PLAN

Fairfax County's Comprehensive Plan has established a number of objectives and policies in order to:

- ✓ Support the Fairfax County Redevelopment and Housing Authority in its mission to plan, acquire, develop, and maintain affordable housing using federal, state, and county programs, including the following projects: Olley Glen (formerly Little River Glen III), Yorkville, Lewinsville, Audobon, and Glenwood Mews.
- ✓ Increase the supply of affordable housing available in all parts of the County to special populations, including the physically and mentally disabled, the homeless, and the low-income elderly.
- ✓ Promote the development of multi-family housing in both mixed-use Centers and existing residential use areas.
- ✓ Develop adequate transitional housing for homeless families.
- ✓ Retain existing below market rental housing through acquisition, rehabilitation assistance, and other subsidies.

Source: 2003 Edition of the Fairfax County Comprehensive Plan, as amended

CURRENT PROGRAM INITIATIVES

Fairfax County is one of the highest cost areas for housing in the nation. Housing affordability is a major issue, particularly for low and moderate income households. Due to dramatic increases in rents and home prices in Fairfax County, a significant number of households cannot afford to rent or purchase a home. This gap in housing affordability can affect the ability of employers, including the County, to attract employees crucial to the health and safety of the community as well as to the area's growth and continued economic prosperity.

According to the 2005 US Census Bureau's American Community Survey, there were 84,900 households in Fairfax County earning less than \$50,000 per year, or about 53 percent of the County's median income of \$94,610. More than one third (31,319) of these households were earning less than \$25,000 per year. There were an estimated 49,934 persons living below the poverty level in 2005 – more than the entire population of Charlottesville, Virginia. According to the Fairfax County 2006-2010 Consolidated Plan, based on Census 2000 data, 12,945 households have what is described as "worst case housing problems" – they are renters below 50% of the Median Family Income who pay over 50% of their income for housing.

In 2006, the FCRHA commissioned a study by the George Mason University Center for Regional Analysis related to housing affordability which found that the median sales price for all types of housing in Fairfax County in 2005 was \$479,200; an increase of 129 percent over 2000; and from 1999 through 2004 in Fairfax County, the average home price grew by 84 percent. Further, the study noted that in 2000, 64 percent of the homes for sale in Fairfax County were priced at \$250,000 and below; but by 2005 that number had shrunk to only 3 percent of the homes for sale. The study concluded that the rental market is now the only choice for moderate income families, and the rental prices now and next five years will see significant increases, at the 6-7 percent per year.

Preservation of affordable housing has long been a concern of the Board of Supervisors and the FCRHA. The stock of privately-owned subsidized units and non-subsidized rental housing with modest rents in the County has been declining as owners prepaid their federally subsidized mortgages, opted not to renew their Section 8 project-based contracts, or terminated their participation at the end of the control period for their FCRHA bond-financed properties. In 2005, 118 affordable units in two bond-financed projects were lost due to prepayment of the bonds by the owner who then raised the rents to market-level rates. Condominium conversions also played a significant role in reducing the supply of affordable rental units in recent years.



Photo of Gum Springs Glen senior residential community

To offset these continuing losses, the FCRHA has developed, over the years, a variety of strategies. One strategy was establishment of the Preservation Loan Fund which assists non-profits in preserving the County's decreasing supply of subsidized and non-subsidized affordable housing by providing affordable financial assistance to acquire and preserve properties. Another key strategy used by the FCRHA for many years has been to acquire or assist nonprofits to acquire at-risk properties. Some of the properties acquired by the FCRHA have been: Hopkins Glen (91 units) in Falls Church; Stonegate Village in Reston (230 units); Murraygate Village in Hybla Valley (196 units); Cedar Ridge Apartments in Reston (195 units), and, in 2006, Crescent Apartments in Reston (180 units).

Since 1991, federal Low Income Housing Tax Credits, often in conjunction with tax-exempt bonds or other financing through VHDA, have been utilized by limited partnerships of private and/or non-profit developers to finance construction of new multifamily developments as well as the acquisition and rehabilitation of older existing projects. A total of 4,844 income restricted units have been financed in Fairfax County through these programs. An additional 563 units are currently planned to be financed using Low Income Tax Credits before the end of FY 2007.

In 1990, the County adopted an Affordable Dwelling Unit (ADU) ordinance which requires developers of certain housing developments to set aside up to 12.5 percent of the units as affordable housing (6.25 percent for multifamily rentals) in return for additional density granted at the time the development is built. The FCRHA has the right to acquire one-third of the ADU's for sale and to lease up to one-third of the rental units. The remaining units are sold or rented to moderate income households. To date, the ADU program has seen the development of 1,189 units of for-sale housing and 921 units of rental housing. In addition, the FCRHA has been able to acquire 90 units which are maintained as permanent affordable rental housing.

In 2004, the Board of Supervisors and FCRHA made an unprecedented commitment to the preservation of affordable housing. The Board announced its Affordable Housing Preservation Initiative in April 2004, with a goal of preserving 1,000 units by the end of 2007. The Board also appointed an Affordable Housing Preservation Action Committee which developed 12 recommendations adopted by the Board in January 2005. One of the major recommendations the Board approved was the designation of the value of one penny on the real estate tax rate for affordable housing. A total of \$17.9 million was dedicated for affordable housing in FY 2006; \$21.9 million was dedicated in FY 2007 and \$22.7 million is available in FY 2008.

Recent Program Accomplishments

Affordable Housing Preservation: Since the inception of the Board's Affordable Housing Preservation Initiative in April 2004, a total of 1,040 units have been preserved exceeding the goal of preserving 1,000 units by the end of 2007 (as of January 31, 2007). The units were preserved by purchase by the FCRHA, purchase by nonprofit or for-profit developers using FCRHA financing, or negotiated agreements between the FCRHA and property owners who agreed to extend affordability periods. Examples of successful preservation projects include:

- a. *Crescent Apartments, 180 units (Hunter Mill):* In February 2006, the FCRHA acquired this 180-unit complex to preserve it permanently as affordable housing. One Penny funds in the amount of \$9,427,326 were used to finance this acquisition. The site has the potential for additional affordable housing development and the property will play a key role in the revitalization of Lake Anne.
- b. *Hunting Creek, 35 units (Mount Vernon):* The FCRHA negotiated a sale agreement that conveyed ownership of the property to AHP Virginia and extended the term of affordability on the property's 35 units to 2038.
- c. *ParcReston, 10 units (Hunter Mill):* The FCRHA acquired 10 condominium units for a total of \$2,221,525 in CDBG funds. Five units are handicapped-accessible; the other five will be modified to increase accessibility.
- d. *Hollybrooke II, 98 units (Mason):* The FCRHA issued \$10,500,000 in tax-exempt bonds and provided \$3,350,000 in One Penny funds to the nonprofit AHC, Inc. to acquire, rehabilitate and preserve 98 condominium units as affordable housing.
- e. *Madison Ridge, 216 units (Sully):* The FCRHA provided a total of \$8.6 million to Wesley Housing to preserve this 216-unit complex in Centreville. This amount included \$2.5 million from the Penny for Affordable Housing Fund and \$6.1 million from the Housing Trust Fund (including \$1 million from the Preservation Loan Fund). Of the total units, 98 units are maintained as affordable rentals for 30 years and 118 were converted to condominiums for sale at prices that are affordable to persons with moderate incomes, with a 2-year price control. The \$2.5 million in Penny funds is being used as mezzanine financing eventually resulting in the acquisition by the FCRHA of 10 units, making a total of 108 units preserved long-term as rentals.
- f. *Homestretch, Inc., 8 units (Providence and Sully):* The FCRHA financed the acquisition of 8 total units by Homestretch, Inc. during FY 2006. Six units, financed with \$875,000 in CDBG funds, serve homeless families with children; two of the units are accessible for persons with disabilities. Also, two units for transitional housing were purchased using \$333,066 in HOME funds.
- g. *Circle Properties (Wesley Housing), 6 units (Springfield):* The FCRHA provided \$272,142 in federal HOME funds to Circle Properties, an affiliate of Wesley Housing, to purchase 6 Affordable Dwelling Units at the Hiddenbrooke senior housing community.
- h. *Reston Interfaith, 2 units (Hunter Mill):* The FCRHA provided \$383,778 in federal HOME funds to finance the purchase of 2 units for families with very low incomes.
- i. *Holly Acres, 2 units (Lee):* The FCRHA invested \$144,500 in federal HOME funds to purchase two townhouse units.
- j. *Good Shepherd Housing, 2 units (Lee):* The FCRHA provided \$218,000 via the CHDO set-aside and Consolidated Community Funding Pool (CCFP) for the purchase of 2 units. The units will be rented to low income households.

Affordable Housing Production: In FY 2006, the FCRHA completed the construction of 60 affordable assisted living units at Braddock Glen, in partnership with Sunrise Assisted Living. Braddock Glen opened on July 3, 2006. Total project financing was \$9,073,065, which included \$8,073,065 provided by the Board of Supervisors from the Housing Trust Fund, with the balance coming in the form of a \$500,000 loan from the Virginia Department of Housing and Community Development's Priority Housing Fund and \$500,000 in private cash investment from Sunrise Assisted Living and INOVA. Braddock Glen also includes an Adult Day Health Care program operated by the Fairfax County Health Department that serves 50 participants.

Rehabilitation of FCRHA Fairfax County Rental Program (FCRP) Properties: To ensure that FCRHA-owned properties are maintained to community standards, the following rehabilitation projects were undertaken in FY 2006: McLean Hills, 22 units (*Providence*); Sojourn House, 12 beds (*Springfield*); Lincolnia Senior Residences, common areas (*Mason*); and Penderbrook, 48 units (*Providence*), where the work is expected to be completed in FY 2007.

CURRENT PROJECT DESCRIPTIONS

1. **Penny for Affordable Housing Fund** (Countywide): This Fund, established by the Board in FY 2006, is a resource provided through the dedication of the value of one penny of the real estate tax for the preservation of affordable housing. The Fund may be used for some of the capital projects listed below, or other emerging affordable housing opportunities, including projects by non-profit developers of affordable housing. The Fund is projected to provide an amount of \$22,700,000 in FY 2008; the value of the Fund in FY 2009 and future years will depend on real estate tax receipts for those years. Funds are targeted to be expended in the year they are appropriated.
2. **Affordable Housing Preservation and Production** (Countywide): Funding for the acquisition or development of affordable units or apartment/condominium complexes by the FCRHA or qualified nonprofit or for-profit developers is derived from a variety of sources including the Affordable Housing Partnership Program (AHPP), the FCRHA Tax-Exempt Bond Program, Low Income Housing Tax Credits and other, local, state and federal funds. The affordable units may be for Single Room Occupancy (SRO) programs which serve very low income single individuals; units may also assist persons with disabilities, families and senior citizens.
3. **Audubon Single Room Occupancy (SRO)** (Lee): \$800,000 is the estimated cost based on preliminary plans for the renovation of 46 public housing units owned by the FCRHA in order to develop a new Single Room Occupancy (SRO) program. It is anticipated that construction will be funded by the Housing Trust Fund and federal Capital Fund Program dollars. The project will be under construction in FY 2008.
4. **Yorkville Cooperative** (Providence): Subject to the consent of the Yorkville Cooperative to sell the property to the FCRHA, \$18,000,000, which includes the existing debt of \$6,000,000, is the estimated cost to acquire, renovate and preserve 237 affordable units. An amount of \$234,658 from the Penny for Affordable Housing Fund has been earmarked for the project for feasibility studies in FY 2007. Other sources of funding will be identified for the unfunded balance.
5. **Senior Investment Strategy** (Countywide): This project supports a comprehensive strategy to develop housing and facilities exclusively for the County's rapidly increasing population of seniors. Current projects include:
 - a. Olley Glen (formerly Little River Glen Phase III) (Braddock): \$23,500,000 is the estimated total development cost to construct 90 units of independent housing for the elderly. The project is anticipated to be under construction in FY 2008, subject to funding availability. Housing Trust Fund, federal Community Development Block Grant (CDBG) and federal HOME Investment Partnership Program (HOME) grant funds have been allocated for this project.

- b. Little River Glen Phase IV (Braddock): \$22,500,000 is the estimated total development cost for the construction of 60 independent housing units for the elderly, a commercial kitchen and dining room; 2 levels of structured parking, up to 12 units of magnet housing, and expansion and renovation of the existing senior center. In FY 2007, this project was in the design phase. Sources of funding must be identified for this project.
 - c. Lewinsville Expansion (Dranesville): \$28,000,000 is the estimated total development cost to renovate the existing 38,000 square foot building, which is a converted elementary school, and to construct approximately 59,000 square feet of new floor space. The renovated facility will provide space for the Health Department's Adult Day Care Center, the Alzheimer Family Day Center, two child daycare centers, and allow for the expansion of the existing Senior Center programs operated by the Department of Community and Recreation Services. The new addition will provide 60 beds of assisted living and 22 units of independent living for seniors, a commercial kitchen and dining room. In addition, site improvements will be provided, including additional parking, landscaping, exterior lighting, road frontage improvements along Great Falls Street, and replacement of the existing playground and tot lot. Design of the improvements is underway. Housing Trust Fund and federal HOME funds are currently available for this project. Permanent financing for the renovated public facilities may take the form of FCRHA Lease Revenue bonds in the amount of \$11,000,000. Other sources of funds will also be sought for the unfunded balance of approximately \$13,200,000.
6. **Preservation/Rehabilitation of Existing FCRHA-owned Housing** (Countywide): Approximately \$7,544,000 is the cost to support the recurring maintenance and rehabilitation needs associated with the preservation of FCRHA-owned properties. Funds available in FY 2007 include: \$500,000 in federal CDBG funds, \$1,274,244 from the Housing Trust Fund, and \$770,418 in federal HOME funds. Other sources of funds will be sought for the unfunded balance of approximately \$5 million for FY 2008 through FY 2012.
7. **Magnet Housing/Glenwood Mews** (Lee): \$5,020,897 is the total development cost to construct 17 townhouse units on land owned by the FCRHA. Two of the units will be sold to Habitat for Humanity of Northern Virginia to provide affordable homeownership opportunities. The FCRHA will retain ownership and management of the remaining 15 units for the Magnet Housing Program which provides affordable housing for up to two years for individuals and families who participate in workforce development programs. The project will be completing construction by the beginning of FY 2008. A total of \$318,941 from federal CDBG funds and \$3,220,878 in the Housing Trust Fund is available for this project. Revenue from the sale of the two Habitat for Humanity units and a conventional loan provides the balance of the funding, \$1,481,078.
8. **Magnet Housing/Route 50 and West Ox Road** (Sully): \$11,200,000 is the estimated total development cost to construct 30 units of Magnet Housing, one level of below grade parking, and a training facility. Magnet Housing provides affordable housing for up to two years for individuals and families who participate in workforce development. The project is in the design phase. Approximately \$907,000 from the Housing Trust Fund and \$348,000 from a federal EDI Special Project Grant are available for this project. Permanent financing for the training center may take the form of FCRHA Lease Revenue bonds in the amount of \$1,500,000. Other sources, including grants and low interest loans, will be sought for the unfunded balance of \$8,445,000.
9. **Transitional Housing at the Katherine K. Hanley Shelter Campus** (Springfield): \$2,407,000 is the estimated total development costs to construct two buildings with six units of transitional housing which will be occupied by families leaving the shelter and awaiting permanent housing opportunities. The new housing units will be located on Lee Highway in western Fairfax County. Construction of the units will lessen the use of motels and are part of a broader Countywide effort to end homelessness. A total of \$407,000 in federal HOME funds is available for this project. As part of the *FY 2006 Third Quarter Review*, the Board of Supervisors approved General Fund monies in the amount of \$1,000,000 and the remaining funding of \$1,000,000 will be from the Housing Trust Fund in FY 2008.

10. **Sunrise Group Home** (Sully): \$3,600,000 is the estimated cost to renovate one of the two FCRHA-owned houses which are leased by the Community Services Board (CSB) as group homes; the other house will be demolished and rebuilt as a new, larger facility (approximately 8,000 square feet) to better meet the needs of the population being served. An amount of \$2,800,000 in County funds are currently available for this project. Design is expected to be completed and construction is anticipated to begin by the end of FY 2008, pending funding availability. Other sources will be sought for the unfunded balance of approximately \$800,000.
11. **Crescent Redevelopment** (Hunter Mill): \$300,000 of FCRHA Revolving Development Funds have been allocated for pre-development activities such as economic feasibility, determining the density and the type of housing units and the design of a development plan amendment for the property. Staff is evaluating potential redevelopment opportunities for the site with input from the Lake Anne community.
12. **Accessibility Modifications of FCRHA Properties** (Countywide): \$539,000 in federal funds will be used to renovate 14 units of FCRHA-owned housing at sites scattered throughout the County in order to make them wheelchair accessible in FY 2008.

PROJECT COST SUMMARIES HOUSING DEVELOPMENT (\$000's)

Project Title/ Project Number	Source of Funds	Budgeted or Expended Through FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total FY2008-FY2012	Total FY2013-FY2017	Total Project Estimate
1 Penny for Affordable Housing Fund*	R	21,900	22,700	22,700	22,700	22,700	22,700	113,500		135,400
2 Affordable Housing Preservation and Production	U X	0 0	150 20,000	150 20,000	150 20,000	150 20,000	150 20,000	100,750		100,750
3 Audubon Single Room Occupancy (SRO)	U	0	800					800		800
4 Yorkville Cooperative	X U	50	12,950	5,000				17,950		18,000
5a Olley Glen (formerly Little River Glen III) / 014046	HTF F U	554 599 0	399 10,000	11,948				22,347		23,500
5b Little River Glen IV	U	0	1,500	5,500	15,500			22,500		22,500
5c Lewinsville Expansion / 014140	HTF F LRB U	500 549	1,604 1,161		11,000			26,951		28,000
			7,139	6,047						
6 Preservation/Rehabilitation of Existing FCRHA-Owned Properties / 014191	HTF F U	1,274 1,270	1,000	1,000	1,000	1,000	1,000	5,000		7,544
7 Magnet Housing/Glenwood Mews / 013966	HTF F X	3,221 319	1,481					1,481		5,021
8 Magnet Housing/Route 50 & West Ox Road / 014199	HTF F U	907 348	6,421	3,524				9,945		11,200
9 Transitional Housing at the Katherine K. Hanley Shelter Campus / 014166	HTF G F	200	1,000 1,000 207					2,207		2,407
10 Sunrise Group Home	G U	125	100	2,575 800				3,475		3,600
11 Crescent Redevelopment	X	300						0		300
12 Accessibility Modifications of FCRHA Properties	F	0	539					539		539
TOTAL		\$32,116	\$90,151	\$79,244	\$70,350	\$43,850	\$43,850	\$327,445	\$0	\$359,561

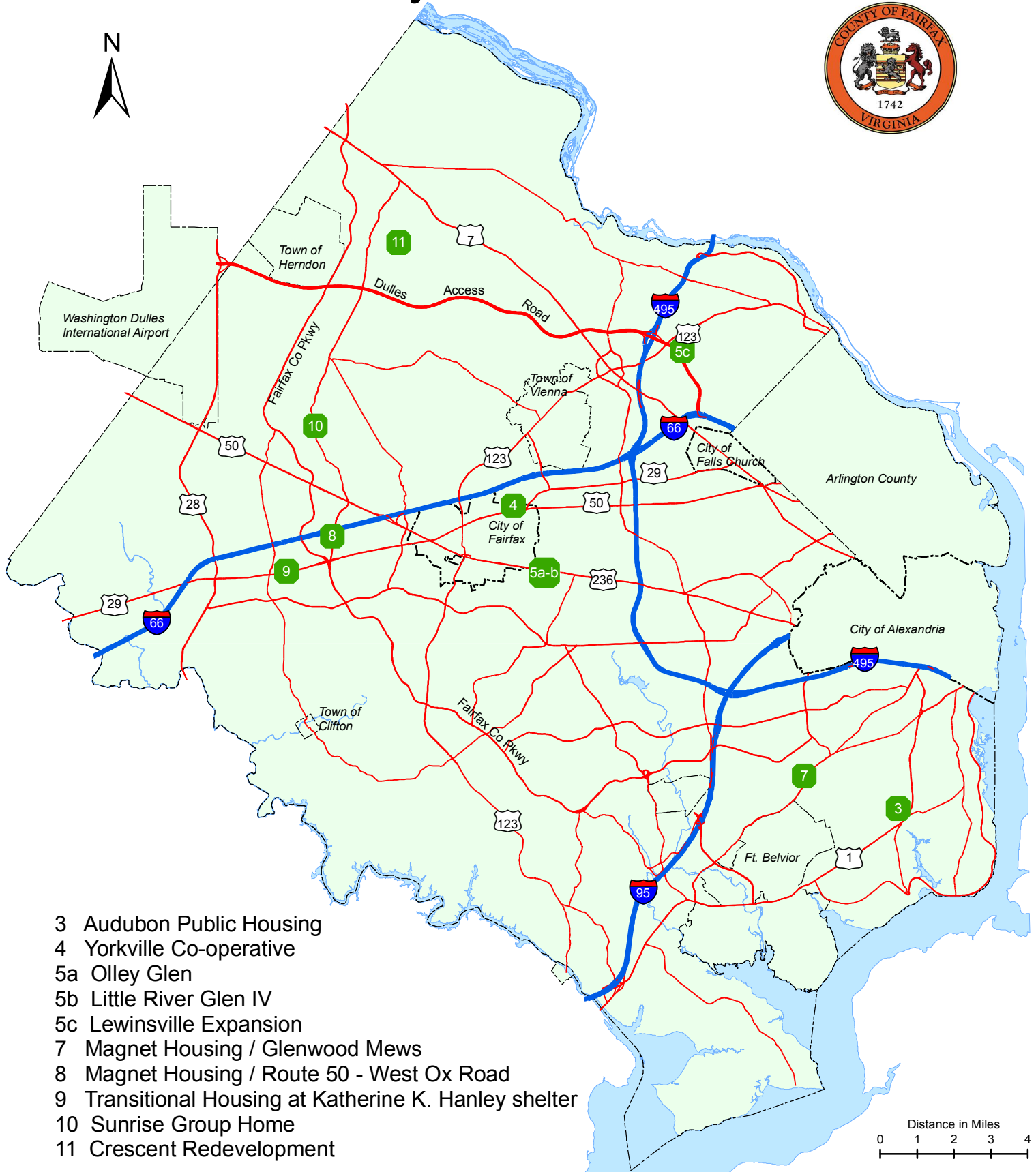
Key: Stage of Development
Feasibility Study or Design
Land/Unit Acquisition
Construction

Notes:
Numbers in bold italics represent funded amounts. Funds in the Penny for Affordable Housing item may be applied to unfunded balances in other projects.

* Amount estimated for FY 2009 - FY 2012 will vary, depending on the value of one penny of the real estate tax rate each year.

Key: Source of Funds
B Bonds
G General Fund
R Real Estate Tax Revenue
F Federal
X Other
U Undetermined
HTF Housing Trust Fund
LRB Lease Revenue Bonds

Housing Development Project Locations



Note: Map numbers correspond to project descriptions in the text and cost summary tables. Only CIP projects with selected, fixed sites are shown on the map.